WYC:dks 6/28/05 P0414L PATENT

REMARKS

Claims 1-7 remain pending in the application, unchanged.

The rejection of each of the claims as anticipated by Lee (5,822,360) is respectfully traversed.

Contrary to the statements in the Action, Lee does not teach the inventions claimed. For example, Lee does not teach a cellular telephone (as specified in claims 1-4). Nor is Lee understood to teach a battery-powered wireless reception device sized for fitting in a user's pocket or purse, as specified in claims 5-7.

Many of the rejections are premised on the Office 'reading' more into Lee's disclosure than his text discloses. For example, in explaining the rejections of claims 2 and 3 the Action states "...This can also include data used to discourage piracy of cellular phone service," and "...This can also include data identifying the cellular phone." Such postulating of possibilities is a hindsight contribution of the Examiner, guided by applicant's claims -- not the teaching of Lee's disclosure.

In view of such shortcomings, other points that might be made about the art, the rejection, and the claimed combinations, are not belabored.

The Examiner's attention is drawn to the claims of parent and grandparent applications 6,278,781 and 6,064,737.

Favorable reconsideration and passage to issuance are solicited.

Date: June 28, 2005

Customer Number 23735

Phone: 503-469-4800 FAX 503-469-4777 Respectfully submitted,

DIGIMARC CORPORATION

William Y. Cohwell Registration No. 31,943

Registration No. 51,943

 $By_{\underline{}}$